

TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS

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PRESIDENT



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September 13, 2007

Mr. Richard F. Timmons
President
American Short Line and Regional Railroad Association
50 F Street, N.W., Suite 7020
Washington, D.C. 20001-1564

Dear Mr. Timmons:

Referencing your memorandum of August 20, 2007, the Terminal Railroad Association of St. Louis agrees that our role as a Terminal Switch Carrier in St. Louis, Missouri, is critical in the timely switching and interchange of traffic to all the Class 1 Railroads in the St. Louis Gateway.

Recognizing the fall peak as the prime shipping season within our industry, the following information is forwarded to you outlining the TRRA's preparedness, readiness and confidence to meet the expectations of not only your office, but the Surface Transportation Board as well:

Communication:

1. A daily Operations Manager's meeting is conducted to review the previous day's performance, outline current day's operation plan and develop action plans for any noted exceptions that may be scheduled or unscheduled to the daily operation plan. Participation by all departments provides input and communicates the same message to all participants.
2. Weekly General Superintendent's Meeting for Direct Report Manager to discuss and review previous week's performance, project and orchestrate action plans predicated on business level needs and requirements.
3. ISA (Interchange Service Agreement) meetings are held quarterly in St. Louis. Participation by all Class 1 carriers in the St. Louis Gateway schedule allotted time to review actual train arrival/departure performance, review assigned train blocks and discuss opportunities to enrich/enhance the current ISA. These meetings are critical not only to the TRRA but with its interchange partners as well to ensure the complete St. Louis Gateway operating plan is synchronized.

4. A Customer Symposium is held annually by the TRRA for all industry customers switched by the TRRA in the St. Louis area. This meeting provides the opportunity for the TRRA to share its performance goals and objectives, rail industry initiatives, current and planned capital investments, etc. A yearly customer survey is generated and the results are shared with our valued customers. Also, a portion of the meeting is allocated for "The Voice of the Customer". This segment provides directed dialogue between the Customer and Representatives of the TRRA to discuss any operational concerns or issues. These meetings have proven invaluable in understanding the customer needs and subsequently meeting the expectations of our customers. The 2007 Customer Symposium is scheduled for October 31st.

Performance Measurement:

The TRRA has a comprehensive measurement package in place that provides daily, monthly and year to date reporting indices.

<u>Measurement Indices</u>	<u>Year to Date Performance</u>
Terminal Dwell	25 hours
Outbound Blocking/Classification Dwell	25 hours
Cars on Hand Over 24 Hours	320 cars
Outbound Trains Set On Time	88%
Outbound Train Departures	72%
Interchange – Received / Delivered	1023 / 1028 daily

Capacity:

During 2007 the TRRA has initiated and developed the following areas for increased rail capacity:

1. Designed and built two (2) additional yard tracks at Wiggins Yard increasing capacity by 6,600 feet
2. Extended three (3) Madison Yard Tracks by 600 feet each
3. Extended Car Works Track #1 to total capacity of 5,600 feet.
4. Finalized lease agreement at Monsanto Avenue equal to 4,200 feet
5. Finalized lease agreement for 4,700 feet in former CNW yard.
6. Negotiated storage agreement with Tri City Port for 6,000 feet.

The TRRA capital plan for 2008 has identified opportunities in the St Louis area and Madison Yard for increased capacity to meet future rail needs.

Terminal Velocity and Fluidity:

The TRRA has developed and implemented the below processes/procedures to increase the velocity and fluidity of its Madison Yard:

1. Implemented twelve (12) dual controlled switches that enable the crews the ability to operate designated switches in lieu of a signal maintainer.

2. Implemented six (6) radio controlled switches that negates the crew from operating the switch in a manual manner.
3. 14th Street Interlocking system switched to a new GCOR (General Code of Operating Rules) signal controlled system transforming two (2) signal interlocking systems into one (1) controlled interlocking system.

Manpower and Resource Management:

A review of current labor personnel available for the remainder of the third and fourth quarters revealed appropriate levels are adequate to meet the expected traffic demands.

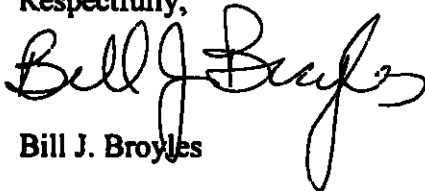
It should be noted the TRRA has implemented the following manpower allocations in the following areas:

1. Three (3) Director of Train Operations positions established for monitoring, directing and communicating the TRRA service operating plan within the rank and file of the Transportation Department.
2. Management Trainee program to graduate one (1) employee for operations placement by mid-September 2007.
3. Established one (1) Supervising Dispatcher Office to accommodate around the clock coverage to manage and assist in expediting traffic thru the St. Louis Gateway.

As the national transportation infrastructural continues to be stressed from within the continental and global shipping communities, we at the TRRA are working diligently at maximizing technology initiatives and previous lessons learned to mitigate potential capacity and congestion issues at the St. Louis Gateway.

The TRRA's labor force and Management Team is in concert and committed to the performance of our Operating Plan and working in partnership with our Class 1 partners to ensure rail traffic is handled in a most expeditiously manner.

Respectfully,



Bill J. Broyles

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